

# TOWN OF KENTWOOD LOUISIANA

## Financial Report

=====

December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

**Town of Kentwood, Louisiana**  
**Financial Report**  
**As of and for the Year Ended December 31, 2004**  
**With Supplemental Information Schedules**

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**Town of Kentwood, Louisiana**  
**Financial Report**  
**As of and for the Year Ended December 31, 2004**  
**With Supplemental Information Schedules**

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**WILLIAM R. DURDEN**

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MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

The Honorable Mayor Harold J. Smith  
and Members of the Board of Aldermen  
Town of Kentwood, Louisiana

Commissioners:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kentwood, Louisiana, as of December 31, 2004, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Kentwood's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts, and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Kentwood. The information has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In my opinion, the basic financial statements and supplemental information referred to in the above paragraphs, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund, of the Town of Kentwood, Louisiana, as of December 31, 2004, and the respective changes in financial position and cash flows of its proprietary fund types, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**WILLIAM R. DURDEN**

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MEMBER  
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In accordance with Government Auditing Standards, I have also issued my report dated June 24, 2005, on my consideration of the Town of Kentwood, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis on pages 3-15 is not a required part of these basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

  
William R. Durden, CPA

June 24, 2005

**Town of Kentwood, Louisiana**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended December 31, 2004**

**Introduction**

The Town of Kentwood, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. Although the Town was not required to implement GASB 34 until the fiscal year ending December 31, 2003, management elected early implementation in the fiscal year ending December 31, 2002 to provide financial statement users a more detailed and comprehensive analysis of the Town's financial performance. This is the third year of presentation under the new GASB 34 format.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 12 through 42 of this report.

**Financial Highlights**

- At December 31, 2004, the Town's assets exceeded its liabilities by \$6,599,564 (net assets). Of this amount, \$2,106,902 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2004, the Town's total net assets increased by \$603,304.
- At December 31, 2004, the Town's governmental funds reported combined ending fund balances of \$1,852,854, an increase of \$98,208 for the year. Of this amount, 82% is available for spending at the Town's discretion (unreserved fund balances).
- At December 31, 2004, the Town's proprietary funds reported combined ending net assets of \$3,259,288, a decrease of \$370,122 for the year. Of this amount, approximately 21%, or \$696,451, is available for spending at the Town's discretion (unrestricted net assets).
- For the year ended December 31, 2004, the Town's total debt decreased by \$13,270, or approximately 2%, due primarily to revenue bond principal payments.

**Overview of the Annual Financial Report**

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Town of Kentwood, Louisiana**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2004**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government.

The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

- **Governmental activities** - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.
- **Business-type activities** - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

The government-wide financial statements include the Town of Kentwood, Louisiana (primary government) only and can be found on pages 18 through 20 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

## **Town of Kentwood, Louisiana**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2004**

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers, as well as the Town's housing assistance program. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail. The basic proprietary fund financial statements can be found on pages 26 through 31 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 23 and 25 of this report.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 50 of this report.

# **Town of Kentwood, Louisiana**

## **Management's Discussion and Analysis** **As of and for the Year Ended December 31, 2004**

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 18 of this report.

### **Net Assets** **December 31, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Assets:</b>						
Current and Other Assets	\$ 2,073,238	\$ 1,833,708	\$ 1,261,768	\$ 1,176,020	\$ 3,335,006	\$ 3,009,728
Capital Assets	<u>1,604,285</u>	<u>729,067</u>	<u>3,285,783</u>	<u>3,467,801</u>	<u>4,890,068</u>	<u>4,196,868</u>
Total Assets	<u>3,677,523</u>	<u>2,562,775</u>	<u>4,547,551</u>	<u>4,643,821</u>	<u>8,225,074</u>	<u>7,206,596</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	116,863	116,863	791,004	804,274	907,867	921,137
Other Liabilities	<u>220,384</u>	<u>79,062</u>	<u>497,259</u>	<u>210,137</u>	<u>717,643</u>	<u>289,199</u>
Total Liabilities	<u>337,247</u>	<u>195,925</u>	<u>1,288,263</u>	<u>1,014,411</u>	<u>1,625,510</u>	<u>1,210,336</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	1,604,285	729,067	2,494,779	2,663,527	4,099,064	3,392,594
Restricted	325,540	325,540	68,058	77,024	393,598	402,564
Unrestricted	<u>1,410,451</u>	<u>1,312,243</u>	<u>696,451</u>	<u>888,859</u>	<u>2,106,902</u>	<u>2,201,102</u>
Total Net Assets	<u>\$ 3,340,276</u>	<u>\$ 2,366,850</u>	<u>\$ 3,259,288</u>	<u>\$ 3,629,410</u>	<u>\$ 6,599,564</u>	<u>\$ 5,996,260</u>

Approximately 62% of the Town's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 6% of the Town's net assets represents resources that are subject to external restriction on how they may be used. The Town's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 32% of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

The Town's activities increased its total net assets by \$603,304, with governmental activities increasing net assets by \$973,426 and business-type activities decreasing net assets by \$370,122.

# **Town of Kentwood, Louisiana**

## **Management's Discussion and Analysis** **As of and for the Year Ended December 31, 2004**

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 19 and 20 of this report.

### **Changes in Net Assets** **For the Years Ended December 31, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 277,054	\$ 313,477	\$ 1,295,883	\$ 1,187,927	\$ 1,572,937	\$ 1,501,404
Operating Grants and Contributions	48,036	126,784	-	-	48,036	126,784
Capital Grants and Contributions	893,221	22,000	-	-	893,221	22,000
General Revenues:						
Taxes	688,652	677,787	-	-	688,652	677,787
Fire Insurance Rebates	19,088	25,353	-	-	19,088	25,353
Parish Allocation	237,258	236,399	-	-	237,258	236,399
Interest Income	14,150	15,518	16,715	10,834	30,865	26,352
Other Revenues	3,195	1,511	-	-	3,195	1,511
<b>Total Revenues</b>	<b>2,180,654</b>	<b>1,418,829</b>	<b>1,312,598</b>	<b>1,198,761</b>	<b>3,493,252</b>	<b>2,617,590</b>
<b>Expenses:</b>						
General and Administrative	560,613	505,521	-	-	560,613	505,521
Police Protection	368,770	429,841	-	-	368,770	429,841
Fire Protection	284,427	414,917	-	-	284,427	414,917
Streets and Sanitation	341,853	346,787	-	-	341,853	346,787
Health and Welfare	6,565	6,540	-	-	6,565	6,540
Culture and Recreation	-	12,074	-	-	-	12,074
Capital Projects	-	-	-	-	-	-
Water, Gas, and Sewer Utility	-	-	1,106,652	1,057,912	1,106,652	1,057,912
Housing Assistance	-	-	221,068	154,929	221,068	154,929
<b>Total Expenses</b>	<b>1,562,228</b>	<b>1,715,680</b>	<b>1,327,720</b>	<b>1,212,841</b>	<b>2,889,948</b>	<b>2,928,521</b>
<b>Change in Net Assets Before Transfers and Contributions</b>	<b>618,426</b>	<b>-296,851</b>	<b>-15,122</b>	<b>-14,080</b>	<b>603,304</b>	<b>-310,931</b>
Transfers	355,000	227,000	-355,000	-227,000	-	-
Capital Contributions	-	-	-	-	-	-
<b>Change in Net Assets</b>	<b>973,426</b>	<b>-69,851</b>	<b>-370,122</b>	<b>-241,080</b>	<b>603,304</b>	<b>-310,931</b>
Net Assets, Beginning	2,366,850	2,436,701	3,629,410	3,870,490	5,996,260	6,307,191
<b>Net Assets, Ending</b>	<b>\$ 3,340,276</b>	<b>\$ 2,366,850</b>	<b>\$ 3,259,288</b>	<b>\$ 3,629,410</b>	<b>\$ 6,599,564</b>	<b>\$ 5,996,260</b>

### **Governmental Activities**

The Town's governmental net assets increased by \$973,426, or 41% of the prior year ending net assets, to \$3,340,276. The overall increase in net assets is partially offset by a \$355,000 transfer of funds from the Town's business-type activities. The change in net assets is \$1,043,277 more than the prior year, this difference being caused by a \$761,825 decrease in revenues a \$153,452 decreases in expenses, and an increase in transfers of funds from the Town's business-type activities of \$128,000, respectively, over prior year amounts.

## **Town of Kentwood, Louisiana**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2004**

The increase in revenues noted above is primarily comprised of decreased charges for services and an increase in capital grants and contributions. The decrease in charges for services of \$36,423 is largely attributable to many patrons taking advantage of the Town's offer to pay one-time lifetime cemetery fees in lieu of annual fees in the prior year. The increase in capital operating grants and contributions of \$78,748 is due mostly to the receipt of a High School Air Conditioning Grant of \$91,768 in the prior year. The increase in capital grants and contributions is due to 2003 LCDBG Grant Revenue of \$881,971. The corresponding expenditures is recorded as construction in progress the Statement of Net Assets.

The decrease in expenses noted above is primarily comprised of increased general & administrative expenses and decreased fire department expenses. The increase in general and administrative expense of \$55,092 consists of a decrease in a one-time air-conditioning grant from the Town to the local high school of \$106,769 and an increase in health insurance costs of \$68,001, increase in clerical salary of \$33,150, increase in payroll taxes of \$31,808 which consist of payroll taxes for all departments and increases in various other expense accounts totaling \$28,902. The decrease in fire department expense of \$130,490 is largely attributable to the decrease in purchase of fixed assets for the local fire district.

#### **Business-Type Activities**

The Town's business-type net assets decreased by \$370,122, or 10% of the prior year ending net assets, to \$3,259,288. The overall decrease in net assets is partially offset by a \$355,000 transfer of funds to the Town's governmental activities. The decrease in net assets is \$129,042 more than the decrease in the prior year. This difference is caused by an increase of \$128,000 in transfer of funds to the Town's governmental activities.

The increase in revenues of \$107,956 noted above consists primarily of an increase in housing assistance payments of \$69,839.

#### **Fund Financial Analysis**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

## **Town of Kentwood, Louisiana**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2004**

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$1,852,854. \$325,540 is reserved for capital projects, and \$1,527,314 is unreserved and available for spending at the Town's discretion. This represents an increase of \$98,208, or 6% over the prior year's ending balances.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$982,203, of which, \$325,540 was reserved for capital projects, and \$656,663 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48% of total general fund expenditures, while total fund balance represents 71% of the same amount.

During the current year, the Town's general fund balance increased by \$4,176.

#### **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

#### **General Fund Budgetary Highlights**

The Town of Kentwood demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources were less than final budgeted amounts by \$7,779. Final budgeted expenditures and other uses exceeded actual amounts by \$11,955. Final budgeted net change in fund balance was \$4,176 less than actual amounts.

For the general fund, original budgeted revenues and other sources were \$1,368,570 and final budgeted revenues and other sources were \$1,389,800. Original budgeted expenditures and other uses were \$1,370,220 and final budgeted expenditures and other uses were \$1,389,800.

Significant variations from the general fund's original and final amended budgets were as follows:

- Budgeted operating transfers in from the utility fund were decreased by \$45,000 because it was determined that the funds would not be needed in the general fund due to changes in estimates.
- Budgeted state supplemental pay was increased by \$29,000 because it was not originally budgeted.

## Town of Kentwood, Louisiana

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2004

#### Capital Assets and Debt Administration

##### Capital Assets

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2002. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2004 amounts to \$4,008,097 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$188,771 (net of depreciation).

Major capital asset events during the current year included sewer utility system extensions, sidewalk improvements, and purchases of law enforcement equipment, street maintenance equipment, and computer equipment.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on pages 43 and 44 of this report.

**Capital Assets (Net of Depreciation)  
December 31, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 271,515	\$ 271,515	\$ 21,100	\$ 19,600	\$ 292,615	\$ 291,115
Buildings and Improvements	251,063	270,740	4,697	6,444	255,760	277,184
Machinery and Equipment	178,260	165,061	3,983	5,058	182,243	170,119
Infrastructure	21,476	21,751	-	-	21,476	21,751
Water Utility System	-	-	1,113,827	1,165,511	1,113,827	1,165,511
Gas Utility System	-	-	242,458	244,131	242,458	244,131
Sewer Utility System	-	-	1,899,718	2,027,057	1,899,718	2,027,057
Capital Assets, Net	<u>\$ 722,314</u>	<u>\$ 729,067</u>	<u>\$ 3,285,783</u>	<u>\$ 3,467,801</u>	<u>\$ 4,008,097</u>	<u>\$ 4,196,868</u>

In addition to capital assets recorded in the above schedule, the Town recorded \$881,971 in construction in progress at December 31, 2004 for the 2003 LCDBG Sewer Construction Project.

## **Town of Kentwood, Louisiana**

### **Management's Discussion and Analysis** As of and for the Year Ended December 31, 2004

#### **Long-Term Debt**

At December 31, 2004, the Town had total debt outstanding of \$791,004. Of this total, \$13,947 is due within one year and \$777,057 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 12 to the financial statements on pages 38 of this report.

#### **Outstanding Debt** **December 31, 2004 and 2003**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue Bonds	\$ -	\$ -	\$ 791,004	\$ 804,274	\$ 791,004	\$ 804,274
Total Outstanding Debt	\$ -	\$ -	\$ 791,004	\$ 804,274	\$ 791,004	\$ 804,274

#### **Other Factors Affecting the Town**

The Town of Kentwood's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services to the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold.

#### **Contacting the Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Kentwood, 308 Avenue G, Kentwood, Louisiana 70444, telephone (985) 229-3451.

# Basic Financial Statements

## Government-Wide Financial Statements

**Town of Kentwood, Louisiana**

**Statement A**

**Statement of Net Assets  
December 31, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,441,415	\$ 871,065	\$ 2,312,480
Taxes Receivable, Net	49,855	-	49,855
Accounts Receivable, Net	-	204,944	204,944
Prepaid Insurance	14,144	4,126	18,270
Inventory	-	29,837	29,837
Due From Other Funds	291,977	-	291,977
Due From Other Governments	275,812	-	275,812
Other Receivables	35	157	192
Restricted Cash and Cash Equivalents	-	151,639	151,639
Construction in Progress	881,971	-	881,971
Capital Assets, Net	<u>722,314</u>	<u>3,285,783</u>	<u>4,008,097</u>
Total Assets	<u>3,677,523</u>	<u>4,547,551</u>	<u>8,225,074</u>
<b>Liabilities</b>			
Accounts Payable	65,203	87,164	152,367
Other Accrued Expenses	49,666	31,286	80,952
Accrued Interest Payable	-	3,251	3,251
Due To Other Funds	-	291,977	291,977
Construction Payables	66,065	-	66,065
Retainage Payables	39,450	-	39,450
Customer Deposits	-	83,581	83,581
Current Portion of Long-Term Debt:			
Revenue Bonds Payable	-	13,947	13,947
Long-Term Portion Debt:			
Revenue Bonds Payable	-	777,057	777,057
Accrued Sick Leave Convertible to Retirement	<u>116,863</u>	<u>-</u>	<u>116,863</u>
Total Liabilities	<u>337,247</u>	<u>1,288,263</u>	<u>1,625,510</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,604,285	2,494,779	4,099,064
Restricted for:			
Capital Projects	325,540	-	325,540
Debt Service	-	68,058	68,058
Unrestricted	<u>1,410,451</u>	<u>696,451</u>	<u>2,106,902</u>
Total Net Assets	<u>\$ 3,340,276</u>	<u>\$ 3,259,288</u>	<u>\$ 6,599,564</u>

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
<b>Governmental Activities:</b>				
General Government	\$ 560,613	\$ 187,445	\$ 7,867	\$ -
Police Protection	368,770	9,660	31,519	-
Fire Protection	284,427	-	8,650	-
Streets and Sanitation	341,853	79,949	-	11,250
Health	6,565	-	-	-
2003 LCDBG Capital Project - Sewer	-	-	-	881,971
Total Governmental Activities	<u>1,562,228</u>	<u>277,054</u>	<u>48,036</u>	<u>893,221</u>
<b>Business-Type Activities:</b>				
Water	256,656	286,919	-	-
Sewer	299,640	283,611	-	-
Gas	550,356	510,856	-	-
Housing Assistance	221,068	214,497	-	-
Total Business-Type Activities	<u>1,327,720</u>	<u>1,295,883</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 2,889,948</u>	<u>\$ 1,572,937</u>	<u>\$ 48,036</u>	<u>\$ 893,221</u>

**General Revenues:**

**Taxes:**

Ad Valorem Taxes  
Sales and Use Taxes  
Franchise Taxes  
Alcoholic Beverage Taxes  
Fire Insurance Rebates  
Tangipahoa Parish Allocation  
Interest Income  
Operating Transfers In (Out)  
Miscellaneous Income  
Gain on Sale of Fixed Assets  
**Total General Revenues**

**Change in Net Assets**

Net Assets, Beginning  
Prior Period Adjustment (Note 19 )  
Net Assets, Restated  
  
Net Assets, Ending

The accompanying notes are an integral part of this statement.

# Statement B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ -365,301	\$ -	\$ -365,301
-327,591	-	-327,591
-275,777	-	-275,777
-250,654	-	-250,654
-6,565	-	-6,565
881,971		881,971
<u>-343,917</u>	<u>-</u>	<u>-343,917</u>
-	30,263	30,263
-	-16,029	-16,029
-	-39,500	-39,500
-	-6,571	-6,571
<u>-</u>	<u>-31,837</u>	<u>-31,837</u>
<u>-343,917</u>	<u>-31,837</u>	<u>-375,754</u>
66,305	-	66,305
568,920	-	568,920
46,442	-	46,442
6,985	-	6,985
19,088	-	19,088
237,258	-	237,258
14,150	16,715	30,865
355,000	-355,000	-
2,095	-	2,095
1,100	-	1,100
<u>1,317,343</u>	<u>-338,285</u>	<u>979,058</u>
<u>973,426</u>	<u>-370,122</u>	<u>603,304</u>
2,466,588	3,639,245	6,105,833
<u>-99,738</u>	<u>-9,835</u>	<u>-109,573</u>
2,366,850	3,629,410	5,996,260
<u>\$ 3,340,276</u>	<u>\$ 3,259,288</u>	<u>\$ 6,599,564</u>

# Basic Financial Statements

## Fund Financial Statements

**Town of Kentwood, Louisiana**

**Statement C**

**Balance Sheet  
Governmental Funds  
December 31, 2004**

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>2003 LCDBG Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 678,776	\$ 762,639	\$ -	\$ 1,441,415
Taxes Receivable, Net	49,855	-	-	49,855
Prepaid Insurance	14,144	-	-	14,144
Due From Other Funds	302,674	-	-	302,674
Due From Other Governments	49,153	121,144	105,515	275,812
Other Receivables	-	35	-	35
Total Assets	<u>\$ 1,094,602</u>	<u>\$ 883,818</u>	<u>105,515</u>	<u>\$ 2,083,935</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts Payable	\$ 62,733	\$ 2,470	\$ -	\$ 65,203
Other Accrued Expenses	49,666	-	-	49,666
Due to Other Funds	-	10,697	-	10,697
Construction Payables	-	-	66,065	66,065
Retainage Payables	-	-	39,450	39,450
Total Liabilities	<u>112,399</u>	<u>13,167</u>	<u>105,515</u>	<u>231,081</u>
Fund Balance:				
Reserved for Capital Projects	325,540	-	-	325,540
Unreserved	656,663	870,651	-	1,527,314
Total Fund Balance	<u>982,203</u>	<u>870,651</u>	<u>-</u>	<u>1,852,854</u>
Total Liabilities and Fund Balances	<u>\$ 1,094,602</u>	<u>\$ 883,818</u>	<u>\$ 105,515</u>	<u>\$ 2,083,935</u>

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement D**

**Reconciliation of the Governmental Funds Balance Sheet to  
the Statement of Net Assets  
December 31, 2004**

<b>Fund Balances, Governmental Funds</b>	<b>\$ 1,852,854</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds. These assets consist of:

Construction in Progress - Sewer Improvements	881,971
Capital assets, net of depreciation	722,314

Accrued Sick Leave Convertible to Retirement	-116,863
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<b>Net Assets, Governmental Activities</b>	<b>\$ <u>3,340,276</u></b>
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The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement E**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004**

	General Fund	Volunteer Fire Department	2003 LCDBG Capital Project Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 688,652	\$ -	\$ -	\$ 688,652
Licenses and Permits	129,819	-	-	129,819
Intergovernmental	50,636	256,346	-	306,982
Charges for Services	36,528	-	-	36,528
Fines and Forfeits	9,660	-	-	9,660
Sanitation Fees	79,949	-	-	79,949
Interest Income	9,579	4,571	-	14,150
Forrestry Grant	-	8,650	-	8,650
Recreation Program Receipts	4,350	-	-	4,350
Rental Income	4,200	-	-	4,200
Miscellaneous	12,548	2,095	-	14,643
2003 LCDBG Grant	-	-	881,971	881,971
<b>Total Revenues</b>	<u>1,025,921</u>	<u>271,662</u>	<u>881,971</u>	<u>2,179,554</u>
<b>Expenditures</b>				
General Government	540,386	-	-	540,386
Public Safety:				
Police Protection	378,608	-	-	378,608
Fire Protection	122,936	177,630	-	300,566
Streets and Sanitation	329,350	-	-	329,350
Health	6,565	-	-	6,565
2003 LCDBG Sewer Improvements	-	-	881,971	881,971
<b>Total Expenditures</b>	<u>1,377,845</u>	<u>177,630</u>	<u>881,971</u>	<u>2,437,446</u>
<b>Excess Revenues (Expenditures)</b>	<u>-351,924</u>	<u>94,032</u>	<u>-</u>	<u>-257,892</u>
<b>Other Financing Sources (Uses)</b>				
Sales of Fixed Assets	1,100	-	-	1,100
Operating Transfers In	355,000	-	-	355,000
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>356,100</u>	<u>-</u>	<u>-</u>	<u>356,100</u>
<b>Net Change in Fund Balance</b>	<u>4,176</u>	<u>94,032</u>	<u>-</u>	<u>98,208</u>
<b>Fund Balance, Beginning</b>	938,427	776,619	-	1,715,046
<b>Prior Period Adjustment</b>	39,600	-	-	39,600
<b>Fund Balance, Restated</b>	<u>978,027</u>	<u>776,619</u>	<u>-</u>	<u>1,754,646</u>
<b>Fund Balance, Ending</b>	\$ <u>982,203</u>	\$ <u>870,651</u>	\$ <u>-</u>	\$ <u>1,852,854</u>

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement F**

**Reconciliation of the Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2004**

Net Change in Fund Balances, Governmental Funds	\$	98,208
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

2003 LCDBG Sewer Improvements	881,971
Capital outlay	52,730
Depreciation expense	-59,483

Change in Net Assets, Governmental Activities	\$	<u>973,426</u>
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The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement G**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2004**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 838,077	\$ 32,988	\$ 871,065
Accounts Receivable, Net	204,066	878	204,944
Other Receivable	157	-	157
Prepaid Insurance	4,126	-	4,126
Inventory	29,837	-	29,837
Total Current Assets	<u>1,076,263</u>	<u>33,866</u>	<u>1,110,129</u>
Restricted Assets:			
RUS Bond Reserve - Cash	30,734	-	30,734
RUS Bond Contingency - Cash	35,060	-	35,060
Customers' Deposits - Cash	85,845	-	85,845
Total Restricted Assets	<u>151,639</u>	<u>-</u>	<u>151,639</u>
Property, Plant and Equipment:			
Land	21,100	-	21,100
Building	35,898	-	35,898
Water System	1,974,969	-	1,974,969
Gas System	801,615	-	801,615
Sewer System	3,590,475	-	3,590,475
Computer System	9,878	-	9,878
Equipment	170,758	10,741	181,499
Accumulated Depreciation	<u>-3,318,910</u>	<u>-10,741</u>	<u>-3,329,651</u>
Net Property, Plant and Equipment	<u>3,285,783</u>	<u>-</u>	<u>3,285,783</u>
Total Assets	<u>4,513,685</u>	<u>33,866</u>	<u>4,547,551</u>

(Continued)

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement G**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2004**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Liabilities</b>			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$ 85,664	\$ 1,500	\$ 87,164
Other Accrued Expenses	31,286	-	31,286
Accrued Interest Payable	3,251	-	3,251
Due To Other Funds	<u>266,581</u>	<u>25,396</u>	<u>291,977</u>
Total Current Liabilities (Payable from Current Assets)	<u>386,782</u>	<u>26,896</u>	<u>413,678</u>
Current Liabilities (Payable from Restricted Assets):			
Customer Deposits	83,581	-	83,581
Revenue Bonds Payable - RUS	<u>13,947</u>	<u>-</u>	<u>13,947</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>97,528</u>	<u>-</u>	<u>97,528</u>
Long-Term Liabilities:			
Revenue Bonds Payable - RUS	<u>777,057</u>	<u>-</u>	<u>777,057</u>
Total Long-Term Liabilities	<u>777,057</u>	<u>-</u>	<u>777,057</u>
Total Liabilities	<u>1,261,367</u>	<u>26,896</u>	<u>1,288,263</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,494,779	-	2,494,779
Restricted for Debt Service	68,058	-	68,058
Unrestricted	<u>689,481</u>	<u>6,970</u>	<u>696,451</u>
Total Net Assets	<u>\$ 3,252,318</u>	<u>\$ 6,970</u>	<u>\$ 3,259,288</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement H**

**Statement of Revenues, Expenses and Changes in Net Assets**

**Proprietary Funds**

For the Year Ended December 31, 2004

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Operating Revenues</b>			
Water Sales	\$ 274,014	\$ -	\$ 274,014
Sewer Service Charges	270,070	-	270,070
Gross Profit on Gas Sales	101,684	-	101,684
Service Connections	1,250	-	1,250
Delinquent Charges	26,484	-	26,484
Bad Debt Recoveries	1,713	-	1,713
HUD Contributions	-	214,497	214,497
Other Revenues	19,820	-	19,820
Total Operating Revenues	<u>695,035</u>	<u>214,497</u>	<u>909,532</u>
<b>Operating Expenses</b>			
Analysis Fee	4,340	-	4,340
Bad Debt Expense	8,867	-	8,867
Bank Charges	108	-	108
Cathodic Protection	10,769	-	10,769
Computer	436	-	436
Depreciation	196,883	-	196,883
DEQ Fees	1,837	-	1,837
Electricity	71,077	-	71,077
Equipment Fuel	7,168	-	7,168
Gas Meter Reading	4,463	-	4,463
Gas Operator Certification	1,286	-	1,286
Health Insurance	18,560	6,954	25,514
Housing and Utility Assistance	-	188,516	188,516
Insurance	17,228	78	17,306
Miscellaneous	12,467	-	12,467
Municipal Employees' Retirement	10,332	1,413	11,745
Odor Inspection	1,413	-	1,413
Office Expense	3,612	1,283	4,895
Payroll Taxes	9,781	1,326	11,107
Professional Services	56,605	4,518	61,123
Repairs & Maintenance	59,236	-	59,236
Safe Drinking Water Fee	2,696	-	2,696
Salaries and Wages	129,035	16,980	146,015
Uniforms	1,442	-	1,442
Water Treatment Supplies	50,804	-	50,804
Total Operating Expenses	<u>680,445</u>	<u>221,068</u>	<u>901,513</u>

(Continued)

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement H**

**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
For the Year Ended December 31, 2004

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Operating Income (Loss)</b>	\$ 14,590	\$ -6,571	\$ 8,019
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	16,503	212	16,715
Interest Expense	<u>-39,856</u>	<u>-</u>	<u>-39,856</u>
Total Nonoperating Revenues (Expenses)	<u>-23,353</u>	<u>212</u>	<u>-23,141</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>-8,763</u>	<u>-6,359</u>	<u>-15,122</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	<u>-355,000</u>	<u>-</u>	<u>-355,000</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total Contributions and Transfers	<u>-355,000</u>	<u>-</u>	<u>-355,000</u>
<b>Change in Net Assets</b>	<u>-363,763</u>	<u>-6,359</u>	<u>-370,122</u>
<b>Net Assets, Beginning</b>	<u>3,616,081</u>	<u>13,329</u>	<u>3,629,410</u>
<b>Net Assets, Ending</b>	\$ <u>3,252,318</u>	\$ <u>6,970</u>	\$ <u>3,259,288</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement I**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Received From Customers	\$ 1,029,356	\$ 237,561	\$ 1,266,917
Received (Paid) for Meter Deposit Fees	3,008	-	3,008
Other Receipts	19,820	-	19,820
Received (Paid) for Interfund Services	184,783	13,396	198,179
Payments for Operations	-621,770	-204,088	-825,858
Payments to Employees	-148,823	-16,980	-165,803
Net Cash Provided (Used) by Operating Activities	<u>466,374</u>	<u>29,889</u>	<u>496,263</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers to Other Funds	-355,000	-	-355,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-355,000</u>	<u>-</u>	<u>-355,000</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Contributions Received	-	-	-
Paid for Capital Acquisitions	-14,865	-	-14,865
Principal Payments, Revenue Bonds Payable	-13,270	-	-13,270
Interest Payments, Revenue Bonds Payable	-39,910	-	-39,910
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-68,045</u>	<u>-</u>	<u>-68,045</u>
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest	<u>16,503</u>	<u>212</u>	<u>16,715</u>
Net Cash Provided (Used) by Investing Activities	<u>16,503</u>	<u>212</u>	<u>16,715</u>
<b>Net Increase (Decrease) in Cash</b>	59,832	30,101	89,933
<b>Cash and Cash Equivalents, Beginning of Year</b>	929,884	2,887	932,771
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 989,716</u>	<u>\$ 32,988</u>	<u>\$ 1,022,704</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>			
Cash and Cash Equivalents, Unrestricted	\$ 838,077	\$ 32,988	\$ 871,065
Cash and Cash Equivalents, Restricted	151,639	-	151,639
Total Cash and Cash Equivalents	<u>\$ 989,716</u>	<u>\$ 32,988</u>	<u>\$ 1,022,704</u>

(Continued)

The accompanying notes are an integral part of this statement.

**Town of Kentwood, Louisiana**

**Statement I**

**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended December 31, 2004

	Enterprise Funds		
	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 14,590	\$ -6,571	\$ 8,019
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	196,883	-	196,883
Change in Accounts Receivable	-23,343	23,064	-279
Change in Inventories	8,590	-	8,590
Change in Prepaid Insurance	-4,126	-	-4,126
Change in Accounts Payable	85,664	-	85,664
Change in Accrued Expenses	325	-	325
Change in Due From Other Funds	-	-	-
Change in Due To Other Funds	184,783	13,396	198,179
Change in Customer Deposits	3,008	-	3,008
Net Cash Provided (Used) by Operating Activities	\$ <u>466,374</u>	\$ <u>29,889</u>	\$ <u>496,263</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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# Basic Financial Statements

## Notes to the Financial Statements

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**Introduction**

The Town of Kentwood, Louisiana was incorporated in March of 1893 under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government, with the Mayor and each of five aldermen elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. Kentwood is located directly off Interstate I-55 in the northern section of Tangipahoa Parish. The Town's total population is 2,205 as reported by the U.S. Census Bureau, Census 2000. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 870 water customers, 508 gas customers, and 796 sewer customers inside and outside of the Town limits. The Town employs 25 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. There are no component units which the Town of Kentwood has an oversight relationship.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2004**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Corporate Purposes	6.40	6.40	None

Sales and use taxes are levied at two percent. The proceeds of these sales and use taxes are dedicated as follows:

- 1) One percent sales and use tax dedicated to general corporate purposes. This tax does not expire.
- 2) One percent sales and use tax of which 50% of the proceeds is dedicated for use in constructing, acquiring, improving, maintaining, and operating solid waste collection and disposal facilities; the remainder of the proceeds are to be used for the purpose of paying police officers and other Town employees' salaries and other general operating costs of the Town; constructing and acquiring additions, extensions, and improvements to the sewerage collection, disposal, and treatment plant and system, the waterworks plant and system, and the natural gas system; constructing, paving, resurfacing, and improving streets, sidewalks, roads, bridges, alleys, drains, and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; and constructing or improving public buildings, jails, public parks and recreation facilities, including the necessary equipment and furnishings therefor. This tax expires on June 30, 2023.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the current fiscal year, the Town did not incur construction period interest costs.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

**H. Compensated Absences**

The Town has the following policy related to vacation and sick leave:

All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

Years of Service	1-5	6+
Vacation Days/Year	10	15
Sick Leave Days/Year	12	12

Office (administrative) personnel are allowed to accumulate 210 hours of vacation leave; all other employees working eight hours per day are allowed to accumulate 240 hours of vacation leave. There is no limit on the accumulation of sick leave.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

When workmen's compensation is due an employee, that employee has the option of using accrued annual vacation and sick leave while drawing workmen's compensation, but must remit to the Town all workmen's compensation benefits received. A law officer disabled while performing duty of a hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability, provided all workmen's compensation benefits are remitted to the Town.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**N. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**3. Cash and Cash Equivalents**

At December 31, 2004 the Town has cash and cash equivalents (collect bank balances) totaling \$2,464,119 as follows:

Cash on Hand	\$ 337
Demand Deposits	482,175
Interest-Bearing Demand Deposits	148,030
Time Deposits (See Note 4)	209,096
Louisiana Asset Management Pool (See Note 4)	<u>1,624,481</u>
	<u>\$ 2,464,119</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the municipality has \$2,445,062 in deposits (collected bank balances). These deposits are secured from risk by \$390,000 of federal deposit insurance and \$2,055,062 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. Investments**

Investments are categorized into these three categories of credit risk:

1) Insured or registered, or securities held by the town or its agent in the Town's name, 2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name, or 3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

All investments held by the Town fall into category 1 credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

At fiscal year-end, the Town's investment balances were as follows:

	Carrying Amount	Fair Value
Time Deposits	\$ 209,096	\$ 209,096
Louisiana Asset Management Pool	1,624,481	1,624,481
	<u>\$ 1,833,577</u>	<u>\$ 1,833,577</u>

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2004, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

## 5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

The Governmental Fund receivables at December 31, 2004 consist of the following:

	General Fund	Volunteer Fire Department	2003 LCDBG Capital Project Fund	Total Governmental Funds
<b>Taxes:</b>				
Ad Valorem	\$ 35,059	\$ -	\$ -	35,059
Public Utility Franchise	14,796	-	-	14,796
<b>Intergovernmental:</b>				
Tangipahoa Parish School Board,	47,895	-	-	47,895
State of Louisiana, Beer Tax	1,258	-	-	1,258
Tangipahoa Parish Council,	-	121,144	-	121,144
2003 LCDBG Grant	-	-	105,515	105,515
Other Receivables	-	35	-	35
	<u>\$ 99,008</u>	<u>\$ 121,179</u>	<u>\$ 105,515</u>	<u>\$ 325,702</u>

The Enterprise Fund accounts receivable at December 31, 2004 consist of the following:

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Current	\$ 133,854	\$ 878	\$ 134,732
31 - 60 Days	26,235	-	26,235
61 - 90 Days	10,046	-	10,046
Over 90 Days	4,257	-	4,257
Subtotal	174,392	878	175,270
Less Allowance for Bad Debt	5,550	-	5,550
Accounts Receivables, Net	168,842	878	169,720
Accrued Billings	35,224	-	35,224
	<u>\$ 204,066</u>	<u>\$ 878</u>	<u>\$ 204,944</u>

**6. Interfund Receivables/Payables**

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2004:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 302,674	\$ -
Volunteer Fire Department	-	10,697
Utility Fund	-	266,581
Housing Assistance Fund	-	25,396
	<u>\$ 302,674</u>	<u>\$ 302,674</u>

The reason for the interfund receivables/payables balances is the General Fund pays payroll expenses and accounts payable for other funds. The interfund balances are repaid monthly.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**7. Capital Assets**

The Town elected early implementation of GASB 21 in the fiscal year ending December 31, 2002. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2002, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

Capital assets and depreciation activity as of and for the year ended December 31, 2004 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 271,515	\$ -	\$ -	\$ 271,515
Total Capital Assets Not Being Depreciated	<u>271,515</u>	<u>-</u>	<u>-</u>	<u>271,515</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	886,500	-	-	886,500
Vehicles and Equipment	508,052	52,730	20,166	540,616
Infrastructure	22,026	-	-	22,026
Total Capital Assets Being Depreciated	<u>1,416,578</u>	<u>52,730</u>	<u>-</u>	<u>1,449,142</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	615,760	19,677	-	635,437
Vehicles and Equipment	342,991	39,531	20,166	362,356
Infrastructure	275	275	-	550
Total Accumulated Depreciation	<u>959,026</u>	<u>59,483</u>	<u>-</u>	<u>998,343</u>
Capital Assets Being Depreciated, Net	<u>457,552</u>	<u>-6,753</u>	<u>-</u>	<u>450,799</u>
Governmental Activities Capital Assets, Net	<u>\$ 729,067</u>	<u>\$ -6,753</u>	<u>\$ -</u>	<u>\$ 722,314</u>

Depreciation was charged to governmental functions as follows:

General Administration	\$ 21,023
Police Protection	17,249
Fire Protection	7,418
Streets and Sanitation	13,793
	<u>\$ 59,483</u>

Construction in progress for the 2003 LCDBG Sewer Project totaled \$881,971 at December 31, 2004.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

Capital assets and depreciation activity as of and for the year ended December 31, 2004 for business-type activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 19,600	\$ 1,500	\$ -	\$ 21,100
<b>Total Capital Assets Not Being Depreciated</b>	<u>19,600</u>	<u>1,500</u>	<u>-</u>	<u>21,100</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	35,898	-	-	35,898
Vehicles and Equipment	180,636	-	-	180,636
Water Utility System	1,974,969	-	-	1,974,969
Gas Utility System	788,250	13,365	-	801,615
Sewer Utility System	3,590,475	-	-	3,590,475
<b>Total Capital Assets Being Depreciated</b>	<u>6,570,228</u>	<u>13,365</u>	<u>-</u>	<u>6,583,593</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	29,454	1,747	-	31,201
Vehicles and Equipment	175,578	1,075	-	176,653
Water Utility System	809,458	51,684	-	861,142
Gas Utility System	544,119	15,038	-	559,157
Sewer Utility System	1,563,418	127,339	-	1,690,757
<b>Total Accumulated Depreciation</b>	<u>3,122,027</u>	<u>196,883</u>	<u>-</u>	<u>3,318,910</u>
<b>Capital Assets Being Depreciated, Net</b>	<u>3,448,201</u>	<u>-183,518</u>	<u>-</u>	<u>3,264,683</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 3,467,801</u>	<u>\$ -182,018</u>	<u>\$ -</u>	<u>\$ 3,285,783</u>

**8. Interfund Transfers**

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2004:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 355,000	\$ -
Utility Fund	-	355,000
	<u>\$ 355,000</u>	<u>\$ 355,000</u>

The reason for the interfund transfers is to reduce General Fund expenditures in excess of revenues.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**9. Accounts, Salaries, and Other Payables**

The Governmental Fund payables of \$220,384 at December 31, 2004 are as follows:

	General Fund	Volunteer Fire Department	2003 LCDBG Capital Project Fund	Total Governmental Funds
Accounts	\$ 62,733	\$ 2,470	\$ -	\$ 65,203
Salaries	24,910	-	-	24,910
Vacation	12,199	-	-	12,199
Payroll Withholdings	12,557	-	-	12,557
Construction	-	-	66,065	66,065
Retainage	-	-	39,450	39,450
	<u>\$ 112,399</u>	<u>\$ 2,470</u>	<u>\$ 105,515</u>	<u>\$ 220,384</u>

The Enterprise Fund payables of \$118,450 at December 31, 2004 are as follows:

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Accounts	\$ 85,664	\$ 1,500	\$ 87,164
Salaries	5,247	-	5,247
Vacation	6,215	-	6,215
Sick Leave	18,435	-	18,435
Sales Tax	1,389	-	1,389
	<u>\$ 116,950</u>	<u>\$ 1,500</u>	<u>\$ 118,450</u>

**10. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2004, and had no short-term debt activity during the year then ended.

**11. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The Town had no capital or operating lease activity during the year ended December 31, 2004.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**12. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>
Beginning Balance	\$ -	\$ -	\$ -	\$ 804,274
Increases	-	-	-	-
Decreases	-	-	-	(13,270)
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,004</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>
Current Portion	\$ -	\$ -	\$ -	\$ 13,947
Long-Term Portion	-	-	-	777,057
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,004</u>

As of December 31, 2003, outstanding revenue bond issues are as follows:

	<u>Principal Outstanding</u>
\$910,000 Sewer Revenue Bonds, dated 06/01/1992, due in monthly installments of \$4,431.70 through 06/01/2033, interest at 5% (this issue is secured by the income and revenues derived from the operation of the Town's Utility System).	\$ 791,004
	<u>\$ 791,004</u>

The annual requirements to amortize all debt outstanding at December 31, 2004, including interest payments of \$724,636 are as follows:

	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Total</u>
2005	\$ -	\$ 53,180	\$ 53,180
2006	-	53,180	53,180
2007	-	53,180	53,180
2008	-	53,180	53,180
2009	-	53,180	53,180
2010 - 2014	-	265,902	265,902
2015 - 2019	-	265,902	265,902
2020 - 2024	-	265,902	265,902
2025 - 2029	-	265,902	265,902
2030 - 2033	-	186,132	186,132
	<u>\$ -</u>	<u>\$ 1,515,640</u>	<u>\$ 1,515,640</u>

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**13. Flow of Funds, Restrictions on Use - Utilities Revenues**

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS). The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

Each month there will be set aside into a fund called Bond and Interest Sinking (Redemption) Fund a sum equal to one-twelfth (1/12) of the interest due on the next interest payment due and, in addition, a sum equal to one-twelfth (1/12) of the next principal payment due, together with such proportionate sum as may be required as the same respectfully become due on such date. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule of \$4,432 per month whereby the Town makes payments directly to its office. This eliminates the need for the Bond and Interest Sinking Fund.

There shall also be set aside into Utility System Revenue Bond Reserve Fund a sum equal to 5% of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. As of December 31, 2004, the Town has accumulated \$30,734 in this account.

Funds will also be set into a Depreciation and Contingency Fund after completion of the project at the rate of \$250 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. As of December 31, 2004, the Depreciation and Contingency Fund reserve had a balance of \$35,060.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

**14. Retirement Systems**

Substantially all employees of the Town of Kentwood are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

**A. Municipal Employee Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to Contribute 5.0 percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 9.50 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2004, 2003, and 2002 were \$8,099, \$14,560, and \$10,364, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

***Funding Policy.*** Plan members are required by state statute to Contribute 7.5 percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 21.50 percent of annual covered payroll. The contribution requirements of plan members and the Town of Kentwood are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2004, 2003, and 2002 were \$22,575, \$17,628, and \$11,965, respectively, equal to the required contributions for each year.

**C. Firefighters Retirement System of Louisiana (System)**

***Plan Description.*** Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

***Funding Policy.*** Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 24.00 percent of annual covered salary. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2004, 2003, and 2002 were \$0, \$1,191, and \$336, respectively, equal to the required contributions for each year.

**15. Reserved and Designated Fund Balances/Net Assets**

At December 31, 2004, the general fund had reserved fund balances of \$325,540, representing the Town's funds reserved for the construction of municipal buildings due to restrictions placed on the original bond issue used to construct a building which the Town later sold.

**Town of Kentwood, Louisiana**  
**Notes to the Financial Statements**

As of and for the Year Ended December 31, 2004

At December 31, 2004, the proprietary fund had restricted net assets of \$68,058, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

At December 31, 2004, the proprietary fund had designated net assets of \$191,662, representing the Town's funds designated by the Board of Aldermen to be used for planned repairs and capital improvements to the Town's natural gas system. Because the designated amounts represent planned actions, and not actual commitments, they are included in unrestricted net assets in the Town's financial statements.

**16. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**17. Contingent Liabilities**

At December 31, 2004, the Town was not involved in any outstanding litigation or claims.

**18. On-Behalf Payments for Fringe Benefits and Salaries**

During the year ended December 31, 2004, the Town received the following on-behalf payments, which were recorded as revenues when received and expenditures when the cost was incurred:

State Supplemental Pay, Policemen	\$ <u>28,879</u>
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**19. Prior-Period Adjustment**

The following prior period adjustments were made to correct the beginning net assets in the government-wide financial statements and fund financial statements:

Date	Description	Amount
12/31/03	Governmental Activities Net Assets, Beginning	\$ 2,466,588
	Prior Period Adjustments:	
	- Correct Beginning Cash Balance	39,600
	- Record Accrued Sick Leave Convertible to Retirement Benefits	(116,863)
	- Remove Assets With a Cost of \$500 From Depreciation Schedule	(22,475)
12/31/03	Governmental Activities Net Assets, Restated	\$ <u>2,366,850</u>
Date	Description	Amount
12/31/03	Proprietary Fund Type - Utility Fund Net Assets, Beginning	\$ 3,856,813
	- Record Accrued Sick Leave Convertible to Retirement Benefits	(18,435)
	- Record Land Addition From Prior Fiscal Year	8,600

**Required Supplemental Information (Part II)**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Major Governmental Funds**

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Year Ended December 31, 2004

Revenues	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 66,000	\$ 66,000	\$ 66,305	\$ 305
Sales and Use Taxes	566,500	566,500	568,920	2,420
Public Utility Franchise Taxes	36,200	48,300	46,442	-1,858
Alcoholic Beverage Tax	9,500	7,500	6,985	-515
<b>Licenses and Permits:</b>				
Business Privilege and Insurance License	114,000	116,400	123,983	7,583
Building Permits	2,000	4,400	4,226	-174
Chain Store Permits	1,020	1,600	1,610	10
<b>Intergovernmental:</b>				
Capital District Law Enforcement Grant	-	2,900	-	-2,900
Sweet Home Folklife Festival Grant	4,000	4,800	-	-4,800
Rural Development Grant	15,000	11,200	11,250	50
Commission on Law Enforcement	2,800	2,600	2,640	40
State Supplemental Pay	-	29,000	28,879	-121
Fire District No. 2	8,500	7,800	7,867	67
Charges for Services	23,650	36,400	36,528	128
Fines and Forfeits	16,000	11,000	9,660	-1,340
Sanitation Fees	81,500	81,500	79,949	-1,551
Interest	11,000	9,000	9,579	579
Recreation Program Receipts	3,200	4,300	4,350	50
Rent	4,200	4,200	4,200	-
Insurance Settlement	-	15,000	-	-15,000
Miscellaneous	2,500	3,300	12,548	9,248
<b>Total Revenues</b>	<b>967,570</b>	<b>1,033,700</b>	<b>1,025,921</b>	<b>-7,779</b>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Year Ended December 31, 2004

Expenditures	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
<b>General Government:</b>				
Assessor Tax Roll	\$ 2,400	\$ 2,000	\$ 1,872	\$ 128
City Hall Maintenance	20,700	10,200	4,603	5,597
City Hall Utilities	18,000	18,000	17,343	657
Civic Center Maintenance	-	-	5,075	-5,075
Civic Center Utilities	5,500	5,500	5,297	203
Clerk's Travel/Expense	-	-	880	-880
Computer Expense	6,500	5,000	2,811	2,189
Condemned Housing Removal	20,000	-	275	-275
Coroner's Fees	3,000	3,000	2,890	110
Council on Aging	2,400	2,400	10,124	-7,724
Dues & Subscriptions	2,000	2,500	3,282	-782
Entergy Grant	-	-	2,640	-2,640
Health Unit Maintenance	-	-	609	-609
Health Unit Utilities	2,300	2,300	2,280	20
Hospitalization Insurance	133,260	171,000	145,358	25,642
Insurance	42,000	42,000	45,733	-3,733
Insurance - Life	-	-	2,692	-2,692
Kentwood Museum	-	-	20	-20
Martin Luther King Park Maintenance	-	-	259	-259
Martin Luther King Park Utilities	1,000	1,000	861	139
Mayor's Expense	4,000	4,000	3,968	32
Meeting Expense	1,200	200	132	68
Miscellaneous	6,500	4,000	4,389	-389
Museum Maintenance	2,000	-	230	-230
Museum Utilities	14,700	11,500	2,820	8,680
Office Supplies & Postage	5,500	10,000	8,474	1,526
Official Journal and Other Advertising	5,000	6,500	6,513	-13
Official Travel	8,100	4,700	2,466	2,234
Payroll Tax	37,500	42,000	39,008	2,992
Professional Services	33,000	40,000	34,175	5,825
Promotion Expense	2,500	1,000	782	218
Recreation Program	8,500	10,000	11,263	-1,263
Retirement	9,050	9,300	8,099	1,201
Retirement Promotion	1,500	800	756	44
Salaries - Clerical	61,800	85,000	91,478	-6,478
Salaries - Attorney	2,400	2,400	2,400	-
Salaries - Janitorial	7,200	10,600	10,740	-140

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

**General Fund**

For the Year Ended December 31, 2001

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Salaries - Mayor and Aldermen	\$ 31,440	\$ 31,500	\$ 31,440	\$ 60
Salaries - Museum	14,500	12,600	12,696	-96
Shared Cost of Public Service Program	720	800	720	80
Sweet Home Folklife Program	5,000	5,500	5,196	304
Sweet Home Museum	-	-	3,553	-3,553
Town Attorney Travel	-	-	607	-607
Unemployment	-	-	913	-913
Uniforms	2,000	800	775	25
Workman's Compensation	-	-	1,013	-1,013
Zoning Committee - Per Diem	1,500	200	80	120
Zoning Maps	4,700	-	-	-
Capital Expenditures	10,000	11,200	796	10,404
Total General Government	539,370	569,500	540,386	29,114
Public Safety:				
Police Protection:				
Auto - Fuel	17,500	22,100	22,672	-572
Auto - Repairs & Maintenance	18,000	14,000	8,967	5,033
Capital District Law Enforcement	-	-	1,839	-1,839
Computer Expense	1,000	1,000	3,219	-2,219
Dues & Subscriptions	600	400	410	-10
Housing Prisoners	1,000	1,000	32	968
Miscellaneous	1,000	1,000	425	575
Office Expense	3,000	2,000	1,738	262
Police Retirement Contributions	21,700	23,000	22,575	425
Recreation Program Expenses	-	-	9,061	-9,061
Salaries	236,200	261,000	260,994	6
Schools & Seminars	4,000	2,000	1,367	633
Special Fund	1,000	-	-	-
Supplies	5,000	3,000	2,124	876
Telephone	4,500	4,000	4,014	-14
Uniforms	3,000	2,200	1,716	484
Workman's Compensation	-	-	10,368	-10,368
Capital Outlay	10,000	29,100	27,087	2,013
Total Police Protection	327,500	365,800	378,608	-12,808

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
<b>Fire Protection:</b>				
Miscellaneous	\$ 3,500	\$ 1,000	\$ 1,325	\$ -325
Salaries	80,000	76,800	79,386	-2,586
Telephone	4,000	4,000	3,626	374
Truck - Fuel	3,000	1,500	1,208	292
Truck - Repairs & Maintenance	5,000	2,500	4,035	-1,535
Fire Call Reimbursement	-	7,500	5,387	2,113
Workman's Compensation	-	-	4,412	-4,412
Capital Outlay	8,000	24,000	23,557	443
Total Fire Protection	<u>103,500</u>	<u>117,300</u>	<u>122,936</u>	<u>-5,636</u>
Total Public Safety	<u>431,000</u>	<u>483,100</u>	<u>501,544</u>	<u>-18,444</u>
<b>Streets and Sanitation:</b>				
Cemetery Maintenance Contract	20,000	20,000	18,585	1,415
Cemetery Miscellaneous	-	-	105	-105
Cemetery Utilities	-	-	16	-16
Equipment Fuel	9,000	6,000	5,234	766
Maintenance Contract	20,000	12,000	10,835	1,165
Miscellaneous	10,450	1,300	1,159	141
Repairs & Maintenance	8,500	8,500	9,619	-1,119
Salaries	34,000	45,500	44,711	789
Street and Traffic Lights	43,500	45,500	44,093	1,407
Street Materials & Supplies	8,000	7,000	7,109	-109
Tree Maintenance Program	15,000	1,000	680	320
Uniforms	800	-	-	-
Waste Management	188,000	182,000	180,439	1,561
Workman's Compensation	-	-	5,475	-5,475
Capital Outlay	27,000	1,500	1,290	210
Total Streets and Sanitation	<u>384,250</u>	<u>330,300</u>	<u>329,350</u>	<u>950</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 1**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund**

For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Health:				
Animal Control:				
Salaries	\$ 4,600	\$ 4,600	\$ 4,415	\$ 185
Workman's Compensation	-	-	74	-74
Other Expenses	2,000	2,300	2,076	224
Total Health	6,600	6,900	6,565	335
Total Expenditures	1,361,220	1,389,800	1,377,845	11,955
Excess Revenues (Expenditures)	<u>-393,650</u>	<u>-356,100</u>	<u>-351,924</u>	<u>4,176</u>
Other Financing Sources (Uses)				
Sales of Fixed Assets	1,000	1,100	1,100	-
Operating Transfers In	400,000	355,000	355,000	-
Operating Transfers Out	-9,000	-	-	-
Total Other Financing Sources (Uses)	392,000	356,100	356,100	-
Net Change in Fund Balance	<u>-1,650</u>	<u>-</u>	<u>4,176</u>	<u>4,176</u>
Fund Balance, Beginning	1,022,664	938,427	938,427	-
Prior Period Adjustment	39,600	39,600	39,600	-
Fund Balance, Restated	1,062,264	978,027	978,027	-
Fund Balance, Ending	<u>\$ 1,060,614</u>	<u>\$ 978,027</u>	<u>\$ 982,203</u>	<u>\$ 4,176</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 2**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Fund - Kentwood Volunteer Fire Department**  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental:				
Fire Insurance Rebate:				
Tangipahoa Parish	\$ 15,000	\$ 15,800	\$ 15,815	\$ 15
St. Helena Parish	3,500	3,200	3,273	73
Town of Kentwood	7,500	-	-	-
Tangipahoa Parish Allocation	205,000	210,000	237,258	27,258
Forestry Grant	-	4,900	8,650	3,750
Other	150	2,200	2,095	-105
Interest	1,500	1,200	4,571	3,371
Total Revenues	<u>232,650</u>	<u>237,300</u>	<u>271,662</u>	<u>34,362</u>
<b>Expenditures</b>				
Dues and Subscriptions	200	200	191	9
Firemen Expense	21,000	17,000	16,190	810
Fuel & Oil	3,000	3,000	2,854	146
Insurance	28,500	28,500	20,054	8,446
Miscellaneous	2,000	2,600	472	2,128
Office Supplies	500	2,000	1,687	313
Payroll Taxes	-	600	546	54
Professional Services	5,000	5,000	2,920	2,080
Public Service Education	2,500	1,000	640	360
Repairs	10,000	10,000	14,914	-4,914
Salaries, Administrative	-	3,000	3,307	-307
Salaries, Fire Chief	4,000	3,500	3,500	-
Salaries, Firemen	3,100	3,300	2,899	401
Small Tools and Equipment	12,000	19,000	11,733	7,267
Supplies	2,000	2,000	2,236	-236
Tangipahoa Fire District 2	300,000	100,000	88,263	11,737
Training and Tuition	10,000	5,700	4,431	1,269
Uniforms	2,500	-	-	-
Utilities and Telephone	1,500	1,000	793	207
Total Expenditures	<u>407,800</u>	<u>207,400</u>	<u>177,630</u>	<u>29,770</u>
<b>Excess Revenues (Expenditures)</b>	<u>-175,150</u>	<u>29,900</u>	<u>94,032</u>	<u>64,132</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 2**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Special Revenue Fund - Kentwood Volunteer Fire Department**  
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts:</u> <u>GAAP</u> <u>Basis</u>	<u>Variance With</u> <u>Final Budget:</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	\$ 9,000	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-166,150	29,900	94,032	64,132
<b>Fund Balance, Beginning</b>	<u>524,292</u>	<u>776,619</u>	<u>776,619</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 358,142</u>	<u>\$ 806,519</u>	<u>\$ 870,651</u>	<u>\$ 64,132</u>

(Concluded)

The accompanying notes are an integral part of these statements.

## Other Supplemental Information

**Town of Kentwood, Louisiana**

**Schedule 3**

**Comparative Schedule of Net Assets**  
**Proprietary Fund Type - Utility Fund**  
**December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 838,077	\$ 772,287
Accounts Receivable, Net	204,066	180,880
Other Receivable	157	-
Prepaid Insurance	4,126	-
Inventory	29,837	38,427
Total Current Assets	<u>1,076,263</u>	<u>991,594</u>
<b>Restricted Assets:</b>		
RUS Bond Reserve - Cash	30,734	30,358
RUS Bond Contingency - Cash	35,060	34,631
Customers' Deposits - Cash	85,845	92,608
Total Restricted Assets	<u>151,639</u>	<u>157,597</u>
<b>Property, Plant and Equipment:</b>		
Land	21,100	19,600
Building	35,898	35,898
Water System	1,974,969	1,974,969
Gas System	801,615	788,250
Sewer System	3,590,475	3,590,475
Computer System	9,878	9,878
Equipment	170,758	170,758
Accumulated Depreciation	<u>-3,318,910</u>	<u>-3,122,027</u>
Net Property, Plant and Equipment	<u>3,285,783</u>	<u>3,467,801</u>
Total Assets	<u>4,513,685</u>	<u>4,616,992</u>
<b>Liabilities</b>		
<b>Current Liabilities (Payable From Current Assets):</b>		
Accounts Payable	85,664	-
Other Accrued Expenses	31,286	30,961
Accrued Interest Payable	3,251	3,305
Due To Other Funds	266,581	81,798
Total Current Liabilities (Payable From Current Assets)	<u>386,782</u>	<u>116,064</u>
<b>Current Liabilities (Payable From Restricted Assets):</b>		
Customer's Deposits	83,581	80,573
Revenue Bonds Payable - RUS	13,947	13,268
Total Current Liabilities (Payable From Restricted Assets)	<u>97,528</u>	<u>93,841</u>
<b>Long-Term Liabilities:</b>		
Revenue Bonds Payable - RUS	777,057	791,006
Total Long-Term Liabilities	<u>777,057</u>	<u>791,006</u>
Total Liabilities	<u>1,261,367</u>	<u>1,000,911</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 3**

**Comparative Schedule of Net Assets**  
**Proprietary Fund Type - Utility Fund**  
**December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 2,494,779	\$ 2,663,527
Restricted for Debt Service	68,058	77,024
Unrestricted	689,481	875,530
Total Net Assets	<u>\$ 3,252,318</u>	<u>\$ 3,616,081</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 4**

**Comparative Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type - Utility Fund**  
For the Years Ended December 31, 2004 and 2003

	Enterprise Fund	
	2004	2003
<b>Operating Revenues</b>		
Water Sales	\$ 274,014	\$ 270,580
Sewer Service Charges	270,070	265,159
Gross Profit on Gas Sales	101,684	108,795
Service Connections	1,250	2,620
Delinquent Charges	26,484	32,520
Bad Debt Recoveries	1,713	3,423
Other Revenues	19,820	11,949
Total Operating Revenues	<u>695,035</u>	<u>695,046</u>
<b>Operating Expenses</b>		
Analysis Fee	4,340	5,315
Bad Debt Expense	8,867	4,066
Bank Charges	108	-
Cathodic Protection	10,769	11,024
Cash Short (Over)	-	-135
Computer	436	436
Depreciation	196,883	199,568
DEQ Fees	1,837	-
Electricity	71,077	67,190
Equipment Fuel	7,168	4,752
Gas Leak Survey	-	2,488
Gas Meter Reading	4,463	4,736
Gas Operator Certification	1,286	145
Health Insurance	18,560	26,027
Insurance	17,228	22,183
Miscellaneous	12,467	10,971
Municipal Employees' Retirement	10,332	8,937
Odor Inspection	1,413	1,239
Office Expense	3,612	5,252
Payroll Taxes	9,781	11,063
Professional Services	56,605	21,329
Repairs & Maintenance	59,236	50,820
Safe Drinking Water Fee	2,696	4,570
Salaries and Wages	129,035	149,141
Uniforms	1,442	1,035
Water Treatment Supplies	50,804	57,032
Total Operating Expenses	<u>680,445</u>	<u>669,184</u>
<b>Operating Income (Loss)</b>	<u>14,590</u>	<u>25,862</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana****Schedule 4**

**Comparative Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type - Utility Fund**  
**For the Years Ended December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	\$ 16,503	\$ 10,746
Interest Expense	<u>-39,856</u>	<u>-40,505</u>
Total Nonoperating Revenues (Expenses)	<u>-23,353</u>	<u>-29,759</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>-8,763</u>	<u>-3,897</u>
<b>Contributions and Transfers</b>		
Operating Transfers In	-	-
Operating Transfers Out	-355,000	-227,000
Capital Contributions	<u>-</u>	<u>-</u>
Total Contributions and Transfers	<u>-355,000</u>	<u>-227,000</u>
<b>Change in Net Assets</b>	-363,763	-230,897
<b>Net Assets, Beginning</b>	<u>3,616,081</u>	<u>3,846,978</u>
<b>Net Assets, Ending</b>	<u>\$ 3,252,318</u>	<u>\$ 3,616,081</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 5**

**Comparative Schedule of Cash Flows**  
**Proprietary Fund Type - Utility Fund**  
**For the Years Ended December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Cash Flows from Operating Activities</b>		
Received From Customers	\$ 1,029,356	\$ 1,047,031
Received (Paid) for Meter Deposit Fees	3,008	-3,530
Other Receipts	19,820	3,926
Payments for Interfund Services	184,783	-6,202
Payments for Operations	-621,770	-710,379
Payments to Employees	-148,823	-195,812
Net Cash Provided (Used) by Operating Activities	<u>466,374</u>	<u>135,034</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers to Other Funds	-355,000	-227,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-355,000</u>	<u>-227,000</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Contributions Received	-	-
Paid for Capital Acquisitions	-14,865	-7,817
Principal Payments, Revenue Bonds Payable	-13,270	-12,624
Interest Payments, Revenue Bonds Payable	-39,910	-40,557
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-68,045</u>	<u>-60,998</u>
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	16,503	10,746
Net Cash Provided (Used) by Investing Activities	<u>16,503</u>	<u>10,746</u>
<b>Net Increase (Decrease) in Cash</b>	59,832	-142,218
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>929,884</u>	<u>1,072,102</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 989,716</u></u>	<u><u>\$ 929,884</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>		
Cash and Cash Equivalents, Unrestricted	\$ 838,077	\$ 772,287
Cash and Cash Equivalents, Restricted	151,639	157,597
Total Cash and Cash Equivalents	<u><u>\$ 989,716</u></u>	<u><u>\$ 929,884</u></u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana****Schedule 5**

**Comparative Schedule of Cash Flows**  
**Proprietary Fund Type - Utility Fund**  
**For the Years Ended December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Reconciliation of Net Operating Income (Loss) to Net Cash</b>		
<b>Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ 14,590	\$ 25,862
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	196,883	199,568
Change in Accounts Receivable	-23,343	11,619
Change in Inventories	8,590	-27,753
Change in Prepaid Insurance	-4,126	-
Change in Accounts Payable	85,664	-64,693
Change in Accrued Expenses	325	162
Change in Due To Other Funds	184,783	-6,202
Change in Customer Deposits	3,008	-3,529
Net Cash Provided (Used) by Operating Activities	<u>\$ 466,374</u>	<u>\$ 135,034</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 6**

**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type - Utility Fund**  
**For the Year Ended December 31, 2004**

	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Gas Utility System</u>	<u>Total</u>
<b>Operating Revenues</b>				
Water Sales	\$ 274,014	\$ -	\$ -	\$ 274,014
Sewer Service Charges	-	270,070	-	270,070
Gross Profit on Gas Sales	-	-	101,684	101,684
Service Connections	500	-	750	1,250
Delinquent Charges	8,828	8,828	8,828	26,484
Bad Debt Recovery	-	1,713	-	1,713
Other Revenues	3,577	3,000	13,243	19,820
Total Operating Revenues	<u>286,919</u>	<u>283,611</u>	<u>124,505</u>	<u>695,035</u>
<b>Operating Expenses</b>				
Analysis Fee	-	4,340	-	4,340
Bad Debt Expense	2,217	2,217	4,433	8,867
Bank Charges	-	-	108	108
Cathodic Protection	-	-	10,769	10,769
Computer	218	-	218	436
Depreciation	52,626	128,279	15,978	196,883
DEQ Fees	1,837	-	-	1,837
Electricity	41,841	29,236	-	71,077
Equipment Fuel	2,743	1,650	2,775	7,168
Gas Leak Survey	-	-	-	-
Gas Meter Reading	-	-	4,463	4,463
Gas Operator Certification	-	-	1,286	1,286
Health Insurance	2,271	3,837	12,452	18,560
Insurance	4,890	3,842	8,496	17,228
Miscellaneous	8,115	920	3,432	12,467
Municipal Employees' Retirement	3,399	2,284	4,649	10,332
Odor Inspection	-	-	1,413	1,413
Office Expense	1,464	347	1,801	3,612
Payroll Taxes	3,484	2,119	4,178	9,781
Professional Services	15,481	25,961	15,163	56,605
Repairs & Maintenance	20,545	25,908	12,783	59,236
Safe Drinking Water Fee	2,696	-	-	2,696
Salaries and Wages	41,584	28,623	58,828	129,035
Uniforms	441	221	780	1,442
Water Treatment Supplies	50,804	-	-	50,804
Total Operating Expenses	<u>256,656</u>	<u>259,784</u>	<u>164,005</u>	<u>680,445</u>
<b>Operating Income (Loss)</b>	<u>30,263</u>	<u>23,827</u>	<u>-39,500</u>	<u>14,590</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 6**

**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type - Utility Funds**  
**For the Year Ended December 31, 2004**

	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Gas Utility System</u>	<u>Total</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	\$ 7,309	\$ 4,226	\$ 4,968	\$ 16,503
Interest Expense	-	-39,856	-	-39,856
Total Nonoperating Revenues (Expenses)	<u>7,309</u>	<u>-35,630</u>	<u>4,968</u>	<u>-23,353</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>37,572</u>	<u>-11,803</u>	<u>-34,532</u>	<u>-8,763</u>
<b>Contributions and Transfers</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-55,000	-	-300,000	-355,000
Capital Contributions	-	-	-	-
Total Contributions and Transfers	<u>-55,000</u>	<u>-</u>	<u>-300,000</u>	<u>-355,000</u>
<b>Change in Net Assets</b>	<u>\$ -17,428</u>	<u>\$ -11,803</u>	<u>\$ -334,532</u>	<u>-363,763</u>
<b>Net Assets, Beginning</b>				3,625,916
<b>Prior Period Adjustment</b>				-9,835
<b>Net Assets, Restated</b>				<u>3,616,081</u>
<b>Net Assets, Ending</b>				<u>\$ 3,252,318</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 7**

**Schedule of Revenues, Expenses, and Changes in Net Assets**  
**Budget (GAAP Basis) and Actual**  
**Proprietary Fund Type - Water Utility System**  
**For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Sales	\$ 275,200	\$ 274,014	\$ -1,186
Service Connections	600	500	-100
Delinquent Charges	9,000	8,828	-172
Safe Drinking Water Fee	2,700	3,577	877
Bad Debt Recovery	600	-	-600
Total Operating Revenues	<u>288,100</u>	<u>286,919</u>	<u>-1,181</u>
<b>Operating Expenses</b>			
Bad Debt	1,500	2,217	-717
Computer	300	218	82
Depreciation	55,000	52,626	2,374
DEQ Fees	1,900	1,837	63
Equipment Fuel	2,500	2,743	-243
Health Insurance	3,700	2,271	1,429
Insurance	8,300	2,678	5,622
Miscellaneous	2,600	8,115	-5,515
Municipal Employee's Retirement	3,100	3,399	-299
Office Expense	1,500	1,464	36
Payroll Taxes	3,300	3,393	-93
Professional Services	13,000	15,481	-2,481
Pump Electricity	39,000	41,841	-2,841
Repairs & Maintenance - Equipment	2,800	1,862	938
Repairs & Maintenance - Water System	21,000	18,683	2,317
Safe Drinking Water Fee	2,700	2,696	4
Salaries and Wages	43,000	41,584	1,416
Unemployment	100	91	9
Uniforms	500	441	59
Water Treatment Supplies	60,000	50,804	9,196
Workers' Compensation	2,500	2,212	288
Total Operating Expenses	<u>268,300</u>	<u>256,656</u>	<u>11,644</u>
<b>Operating Income (Loss)</b>	<u>19,800</u>	<u>30,263</u>	<u>10,463</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana****Schedule 7**

Schedule of Revenues, Expenses, and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
Proprietary Fund Type - Water Utility System  
For the Year Ended December 31, 2004

	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	\$ 1,000	\$ 7,309	\$ 6,309
Total Nonoperating Revenues (Expenses)	<u>1,000</u>	<u>7,309</u>	<u>6,309</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>20,800</u>	<u>37,572</u>	<u>16,772</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-55,000	-55,000	-
Capital Contributions	-	-	-
Total Contributions and Transfers	<u>-55,000</u>	<u>-55,000</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>\$ -34,200</u>	<u>\$ -17,428</u>	<u>\$ 16,772</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 8**

Schedule of Revenues, Expenses, and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
Proprietary Fund Type - Sewer Utility System  
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<b>Operating Revenues</b>			
Sewer Service Charges	\$ 270,000	\$ 270,070	\$ 70
Sewer Penalties	9,000	8,828	-172
Sewer Bad Debt Recovery	600	1,713	1,113
Sewer Other Revenue	3,000	3,000	-
Total Operating Revenues	<u>282,600</u>	<u>283,611</u>	<u>1,011</u>
<b>Operating Expenses</b>			
Analysis Fee	4,500	4,340	160
Bad Debt	1,500	2,217	-717
Depreciation	125,000	128,279	-3,279
Electricity	28,000	29,236	-1,236
Equipment Fuel	1,700	1,650	50
Health Insurance	5,000	3,837	1,163
Insurance	1,500	2,678	-1,178
Maintenance Contract	11,000	9,900	1,100
Miscellaneous	1,000	920	80
Municipal Employees' Retirement	1,800	2,284	-484
Office Expense	400	347	53
Payroll Taxes	1,500	2,063	-563
Professional Services	12,000	25,961	-13,961
Repairs & Maintenance - Equipment	2,500	3,443	-943
Repairs & Maintenance - Sewer System	10,500	12,565	-2,065
Salaries and Wages	22,000	28,623	-6,623
Unemployment	100	56	44
Uniforms	300	221	79
Workers' Compensation	1,000	1,164	-164
Total Operating Expenses	<u>231,300</u>	<u>259,784</u>	<u>-28,484</u>
<b>Operating Income (Loss)</b>	<u>51,300</u>	<u>23,827</u>	<u>-27,473</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana****Schedule 8**

**Schedule of Revenues, Expenses, and Changes in Net Assets**  
**Budget (GAAP Basis) and Actual**  
**Proprietary Fund Type - Sewer Utility System**  
**For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	Variance: <u>Favorable</u> <u>(Unfavorable)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Expense	\$ -38,000	\$ -39,856	\$ -1,856
Interest Income	-	4,226	4,226
Total Nonoperating Revenues (Expenses)	<u>-38,000</u>	<u>-35,630</u>	<u>2,370</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>13,300</u>	<u>-11,803</u>	<u>-25,103</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Capital Contributions	-	-	-
Total Contributions and Transfers	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>\$ 13,300</u>	<u>\$ -11,803</u>	<u>\$ -25,103</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 9**

**Schedule of Revenues, Expenses, and Changes in Net Assets**  
 Budget (GAAP Basis) and Actual  
 Proprietary Fund Type - Gas Utility System  
 For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<b>Operating Revenues</b>			
Gas Sales	\$ 470,000	\$ 488,035	\$ 18,035
Cost of Gas Sales	<u>-320,000</u>	<u>-386,351</u>	<u>-66,351</u>
Gross Profit on Gas Sales	150,000	101,684	-48,316
Service Connections	600	750	150
Penalties	9,000	8,828	-172
Bad Debt Recoveries	600	-	-600
Other Revenues	<u>200</u>	<u>13,243</u>	<u>13,043</u>
Total Operating Revenues	<u>160,400</u>	<u>124,505</u>	<u>-35,895</u>
<b>Operating Expenses</b>			
Bank Charge	200	108	92
Bad Debt Expense	1,500	4,433	-2,933
Cathodic Protection	11,000	10,769	231
Computer	300	218	82
Depreciation	16,000	15,978	22
DOT Drug Testing	800	742	58
Equipment Fuel	2,700	2,775	-75
Gas Leak Survey	2,500	-	2,500
Gas Meter Reading	5,000	4,463	537
Gas Operator Certification	1,300	1,286	14
Health Insurance	15,000	12,452	2,548
Insurance	11,000	7,236	3,764
Miscellaneous	1,500	2,690	-1,190
Municipal Employees' Retirement	4,700	4,649	51
Odor Inspection	800	1,413	-613
Office Expense	2,000	1,801	199
Payroll Taxes	4,100	4,063	37
Professional Services	7,000	15,163	-8,163
Repairs & Maintenance - Equipment	6,000	6,179	-179
Repairs & Maintenance - Gas System	6,500	6,604	-104
Salaries and Wages	54,000	58,828	-4,828
Unemployment	-	115	-115
Uniforms	1,000	780	220
Workers' Comp. Insurance	<u>1,400</u>	<u>1,260</u>	<u>140</u>
Total Operating Expenses	<u>156,300</u>	<u>164,005</u>	<u>-7,705</u>
<b>Operating Income (Loss)</b>	<u>4,100</u>	<u>-39,500</u>	<u>-43,600</u>

(Continued)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana****Schedule 9**

**Schedule of Revenues, Expenses, and Changes in Net Assets**  
**Budget (GAAP Basis) and Actual**  
**Proprietary Fund Type - Gas Utility System**  
**For the Year Ended December 31, 2004**

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	\$ 1,500	\$ 4,968	\$ 3,468
Total Nonoperating Revenues (Expenses)	<u>1,500</u>	<u>4,968</u>	<u>3,468</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>5,600</u>	<u>-34,532</u>	<u>-40,132</u>
<b>Contributions and Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-300,000	-300,000	-
Capital Contributions	-	-	-
Total Contributions and Transfers	<u>-300,000</u>	<u>-300,000</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>\$ -294,400</u>	<u>\$ -334,532</u>	<u>\$ -40,132</u>

(Concluded)

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 10**

**Sewer Rate Schedule**  
**Proprietary Fund Type - Sewer Utility System**  
**December 31, 2004**

Residential	\$	20.00	Flat Monthly Rate
Commercial Rate 1	\$	40.00	Flat Monthly Rate
Commercial Rate 2 (Schools)	\$	250.00	Flat Monthly Rate
Commercial Rate 3 (Nursing Home)	\$	625.00	Flat Monthly Rate
Commercial Rate 4 (Metered)	\$	0.95	Per 1,000 Gallons of Water

**Town of Kentwood**

**Schedule 11**

**Schedule of Sewer Customers**  
**Proprietary Fund Type - Sewer Utility System**  
**December 31, 2004**

Residential	745
Commercial	51
Total	<u>796</u>

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 12**

**Comparative Schedule of Gas Sales and Purchases  
Proprietary Fund Type - Gas Utility System  
For the Years Ended December 31, 2004 and 2003**

	Enterprise Fund	
	2004	2003
<b>Gas Sales and Purchases</b>		
Gas Sales		
Volume (Thousand Cubic Feet)	48,757	52,364
Dollar Amount	\$ 488,035	\$ 457,018
Gas Purchases		
Volume (Thousand Cubic Feet)	54,683	56,627
Dollar Amount	\$ 386,351	\$ 348,223
Gross Profit	\$ 101,684	\$ 108,795
Percent of Sales	20.84%	23.81%
<b>Unaccounted for Gas Purchases</b>		
Volume (Thousand Cubic Feet)	5,926	4,263
Average Cost of Unaccounted for Gas	\$ 41,869	\$ 26,215
Percent of Purchases	10.84%	7.53%
<b>Number of Customers at Year End</b>		
In Service, Industrial	1	1
In Service, Other	507	504
Total	508	505
<b>Average Sales Per Customer</b>		
Volume (Thousand Cubic Feet)	96	104
Dollar Amount	\$ 961	\$ 905
<b>Amounts Per Thousand Cubic Feet</b>		
Gas Sales, Industrial	\$ 8.93	\$ 8.75
Gas Sales, Other	\$ 10.11	\$ 8.72
Gas Sales	\$ 10.01	\$ 8.73
Gas Purchases	-7.07	-6.15
Subtotal	2.94	2.58
Unaccounted for Gas Purchases	0.77	-0.46
Gross Profit	\$ 2.17	\$ 2.12

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 13**

**Schedule of Insurance**

**For the Year Ended December 31, 2004**

Insurance Company	Coverage	Amount	Period
Municipal Risk Management Policy Number LML 355	Commercial Property	\$ 1,609,390	02/01/04 -
	General Liability	500,000	02/01/05
	Commercial Automobile	500,000	
	Police Professional Liability	500,000	
	Errors and Omissions Liability	500,000	
Risk Management, Inc. Policy 0298-00	Worker's Compensation Coverage	\$ Statutory Limits	11/19/04 - 11/19/05
Western Surety Company Policy Number 69465173	Fidelity Bond: Mayor	\$ 150,000	01/28/03 - 01/28/07
Western Surety Company Policy Number 69465168	Fidelity Bond: Clerk	\$ 150,000	01/28/03 - 01/28/07
Western Surety Company Policy Number 69210053	Fidelity Bond: Fiscal Officer	\$ 150,000	01/28/03 - 01/28/07
Western Surety Company Policy Number 18272062	Fidelity Bond: Position Schedule	\$ 310,000	06/20/04 - 06/20/05

The accompanying notes are an integral part of these statements.

**Town of Kentwood, Louisiana**

**Schedule 14**

**Schedule of Compensation Paid Board Members  
For the Year Ended December 31, 2004**

	<u>Compensation Received</u>
Harold J. Smith, Mayor P.O. Box 123 Kentwood, LA 70444 (985) 229-3150	\$ 18,240
Myrtle Cook, Council Member 1335 3 <sup>rd</sup> Street Kentwood, LA 70444 (985) 229-8145	2,640
Mike Hall, Council Member P.O. Box 643 Kentwood, LA 70444 (985) 229-2470	2,640
Dr. Carlton S. Faller, Council Member 309 Avenue A Kentwood, LA 70444 (985) 229-3681	2,640
Jimbo Slaven, Council Member 707 11 <sup>th</sup> Street Kentwood, LA 70444 (985) 229-5206	2,640
Irma T. Gordon, Council Member 1806 14 <sup>th</sup> Street Kentwood, LA 70444 (985) 229-4959	2,640
	<u>\$ 31,440</u>

*The accompanying notes are an integral part of these statements.*

Summary Schedule of Prior Year Audit Findings  
And  
Management's Corrective Plan for Current Year

Town of Kentwood  
Kentwood, Louisiana

Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2004

**Section I-Internal Control and Compliance Material to the Financial Statements:**

All prior-year findings for Section I were finalized in the prior year.

**Section II-Internal Control and Compliance Material to Federal Awards:**

**Reference Number: 2000-F1**

**Fiscal Year Finding Initially Occurred: December 31, 2000**

**Description of Finding:**

Subsequent to the fiscal year ending December 31, 2000, the Town of Kentwood determined there was a question regarding the ownership of a housing unit receiving Section 8 Rental assistance. Since documentation, received by the Town of Kentwood, indicated that the actual owner of the unit was the tenant, a letter was forwarded to the tenant, by the Section 8 Administrator, demanding repayment of the funds paid for the Section 8 contract. The letter specified a deadline for contacting the Section 8 office. The PHA has notified HUD of this discrepancy. A total of \$9,900 was paid in rental assistance for the period in question.

The auditor recommended that the matter be followed up in accordance with recommendations of the HUD area office. The Town complied with this recommendation for the fiscal year ending December 31, 2000, by forwarding a copy of the findings to the District Attorney's Office. Since no action had been taken on this case, the auditor also recommended, for the fiscal year ending December 31, 2001, that a copy of the entire file for this case be transferred to the District Attorney's Office, along with a cover letter clarifying whether further action is required by the Town. The auditor noted for the fiscal year ended December 31, 2002, that documentation on this case had been forwarded to the District Attorney's Office, but the Town of Kentwood is awaiting response. It was recommended that an additional letter be forwarded to the District Attorney, requesting status on the case.

It was noted for the fiscal year ended December 31, 2003, that a letter, requesting status on this case had been forwarded to the District Attorney's Office and that the Town of Kentwood is awaiting response.

**Corrective Action Planned (Response by Management):**

The Town will contact District Attorney's Office requesting written status of case and any action required by the Town of Kentwood.

**Corrective Action Taken: Partial**

**Additional Description of Corrective Action Taken:**

In March 2005, the Town received correspondence from the District Attorney's office informing the Town that a Pre-trial Conference had been set for April 13, 2005. The Town is awaiting correspondence from the District Attorney's Office concerning the outcome of this Pre-trial Conference.

Corrective action is listed as partial, pending response by the District Attorney's Office

Town of Kentwood  
Kentwood, Louisiana

Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2004

**Section I-Internal Control and Compliance Material to the Financial Statements:**

No findings for Section I

**Section II – Internal Control and Compliance Material to Federal Awards:**

No findings for Section II.

**Section III-Management Letter**

No findings for Section III.

# WILLIAM R. DURDEN

*Certified Public Accountant  
Limited Liability Company*

820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438  
(985) 839-4413  
FAX (985) 839-4402

MEMBER  
A.I.C.P.A.

MEMBER  
L.C.P.A.

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor, Harold Smith  
and the Board of Aldermen  
Town of Kentwood, Louisiana

I have audited the basic financial statements of the Town of Kentwood, Louisiana, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 23, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town of Kentwood, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, which noncompliance with could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

# WILLIAM R. DURDEN

*Certified Public Accountant  
Limited Liability Company*

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MEMBER  
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MEMBER  
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## Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Kentwood, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to a material weakness.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the Town of Kentwood, Louisiana, the Washington Parish Council, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



William R. Durden  
Certified Public Accountant

June 24, 2005